



EMPIRE STATE CERTIFIED DEVELOPMENT CORP.

504 Refinance Program – October 2011

Program Eligibility:

- Refinance and “cash out” up to 90% of value of fixed asset collateral. Value at application is estimated with approval subject to receipt of appraisal.
- Financing structure is normal 504 structure – 50-40-10. 504 portion cannot exceed the bank amount but can equal it, as long as the 504 amount does not exceed 40% of the project.
- 504 portion of the loan is capped at \$5,000,000. There are no project size caps or caps for Bank’s 1st mortgage amount.
- Occupancy eligibility only needs to be 51% or greater at time of application.
- Refinanced Debt must be Current on All Payments Due – “current” can include loan modifications and deferments.
- Original Debt to be refinanced must have been incurred at least 2 years prior to application date.
- No job creation requirement.
- Fixed asset collateral can include business real estate, business equipment and, if shortfall exists, the owner’s personal residence can be used as additional collateral.
- Not eligible to refinance loans with existing federal guarantees (includes an existing 1st mortgage in front of an existing 504 loan).
- See “Current Rates” on website for the most recent interest rate.

Use of Loan Proceeds:

Refinance Amount

- 85% of the “refinanced proceeds” need to be for debt that originally was 504 eligible.

Cash Out Amount

- “Cash Out” includes:
 - Existing business expenses and line of credit balances incurred but not paid at time of application.
 - Future Business Expenses such as rent, utilities, insurance premiums, taxes, inventory purchases or other obligations that will come due within 18 months of the date of the application.

Appraised Value of Property \$10,000,000
Maximum Amount of Financing \$9,000,000 – 90%LTV

Outstanding Balance of Debt
\$ 5,500,000

- ✓ Straight refinance with no cash out.
- ✓ Bank reduces existing loan in half.
- ✓ Borrower benefits from a larger SBA portion of the project financed at a below market fixed rate.

• Third Party Loan	\$2,750,000
• SBA 504 Loan	\$2,750,000
• Equity	\$4,500,000

Outstanding Balance of Debt
\$ 4,000,000

- ✓ Borrower to cash out for \$5,000,000.
- ✓ Cash out will be used to refinance \$3,000,000 Line of Credit and future business expenses of \$2,000,000.
- ✓ Bank portion becomes 50% of total financing. Bank's LOC is termed out over 20 years.

• Third Party Loan	\$5,000,000
• SBA 504 Loan	\$4,000,000
• Equity	\$1,000,000

Outstanding Balance of Debt
\$ 2,000,000

- ✓ Borrower to cash out for \$3,000,000.
- ✓ Cash out can be used for future business expenses over the next 18 months.
- ✓ Bank portion can be any amount but not less than the 504 portion. Portions shown as equal below.

• Third Party Loan	\$2,500,000
• SBA 504 Loan	\$2,500,000
• Equity	\$5,000,000

- ✓ October 2011 interest rate for 504 portion – 4.963% fixed for 20 years. Ten-year 504 pricing also available for a 10-year amortization.
- ✓ Bank can amortize over shorter term assuming cash flow reflects company's ability to repay.